

Payment Schedule Change Form *for 457 and 401 Plan Participants*

This packet contains the following forms

Payment Schedule Change Form

Direct Deposit Authorization Form

Form W-4P

Special Tax Notice Regarding Plan Payments



ICMA RETIREMENT CORPORATION

The Public Sector Expert

The Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") allows significant flexibility for 457 deferred compensation plan participants in making changes to their benefit payments. Since January 1, 2002, participants in 457 plans (including those who were receiving payments or had a beginning payment date in place prior to January 1, 2002) can now change their payment schedules as desired, to better meet their retirement needs. As always, 401 qualified retirement plan participants can change their schedules at any time.

Use this form to request a change to an *existing* payment schedule. For example: to stop, restart, increase or decrease your payment stream. If you have not yet requested payments from your ICMA-RC retirement plan account, you may not use this form. Instead, you must complete the *457 Deferred Compensation Plan Benefit Withdrawal Form*, *401 Money Purchase Plan Benefit Withdrawal Form*, or *401 Profit Sharing Plan Benefit Withdrawal Form*, available from ICMA-RC by calling 1-800-669-7400.

Please read the information on the following pages and mail the completed *Payment Schedule Change Form* to:

ICMA Retirement Corporation
Attn: Records Management Unit
P.O. Box 96220
Washington, DC 20090-6220

or fax to 1-202-962-4601.

Note: ICMA-RC cannot revise your existing beginning payment date or schedule of payments unless we receive instructions from you. If you have separated from service and are unsure of your existing beginning payment date selection, contact ICMA-RC Investor Services associates at 1-800-669-7400.

General Information

As you complete the *Payment Schedule Change Form*, keep the following points in mind:

- ✓ If you have previously chosen a beginning payment date, ICMA-RC will honor that selection unless you request a change.
- ✓ If you are a 457 plan participant who separated from service prior to January 1, 2002, but you did not name a beginning payment date within 60 days of separation from service, your beginning payment date has been set as the year you reach age 65. You may change this date at any time.
- ✓ If, prior to January 1, 2002, you selected a beginning payment date to begin after January 1, 2002, but did not select a payment schedule, ICMA-RC will distribute \$100 per year from your account until you reach age 70 1/2. Of course, you may change this schedule at any time by submitting this form.
- ✓ If you are age 70 1/2 or older, and have separated from service, your payment schedule must meet Minimum Required Distribution requirements. You may want to consult with a professional tax advisor to ensure that these requirements are met by your revised schedule. ICMA-RC does perform an annual test to verify the amount that you are required to take for the entire year.
- ✓ Choose carefully. ICMA-RC must withhold federal income tax equal to 20 percent of your distribution when the payment is made directly to you, unless the distribution (1) is part of a series of equal payments over a period of 10 years or longer, or (2) is a Minimum Required Distribution made after you reach age 70 1/2.
- ✓ If your distribution falls within (1) or (2) above, you must instruct ICMA-RC how much you wish to have withheld using IRS Form W-4P. If you do not provide your instructions on *Form W-4P*, ICMA-RC will withhold according to IRS guidelines. Contact ICMA-RC for additional information. Note that state-withholding rules may also apply.

- ✓ Internal Revenue Service (IRS) guidelines require ICMA-RC to give you a reasonable waiting period to consider your options before payment is made to you. The waiting period for both 457 and 401 plans is 30 days. However, if you wish to have your payment made sooner than this, you may waive the 30-day waiting period in Part 5 of this *Payment Schedule Change Form*. This will enable ICMA-RC to process your request prior to the end of the waiting period.
- ✓ Please note that these instructions summarize only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex. You should carefully consider your options prior to requesting a change in your payment schedule. Some individuals may want to contact a professional tax advisor, depending on the complexity of their situation.
- ✓ **This package includes the *Special Tax Notice Regarding Plan Payments*. You are encouraged to read this important information prior to deciding how to receive your Plan benefits.**

Payment Schedule Change Form For 457 and 401 Participants - Personal Information



- Please read all information carefully before completing, signing, and submitting this form to ICMA-RC.
- Please use blue or black ink when completing this form.

Tear Here

1	Participant Information	Employer Plan Number <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	Employer Plan Name <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	State <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>
		Social Security Number <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	Daytime Phone Number <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	
		Full Name of Participant <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> Last First M.I. </div>		
		Date of Birth <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> Month Day Year </div>	Current Age <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	

2	Action Requested (check one)	<div style="margin-bottom: 10px;"> <input type="checkbox"/> Please stop my current benefit payments as soon as possible, until further notice. [If you select this option, the only other section you need to complete is Part 5 – Signature and Certification.] </div> <div style="margin-bottom: 10px;"> <input type="checkbox"/> Please change my payment schedule or resume my schedule as directed below [Complete Parts 3, 4, and 5]. </div> <div> <input type="checkbox"/> Please issue a lump sum payment for 100% of my account balance [Complete Parts 3, 4, and 5]. </div>
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3	Mailing Address for Payment(s)	<p>Complete this section only if you wish your payment(s) to be mailed to an address that is different from your permanent address currently on file with ICMA-RC. Note: If scheduled installment payments are to be directly deposited to your bank, please complete and return the <i>Direct Deposit Authorization Form</i>.</p> <p>Mailing Address/Street:</p> <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> City: State: Zip Code: </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div style="border-bottom: 1px solid black; width: 40%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 10%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 45%; height: 1.2em;"></div> </div>
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Payment Schedule Change Form For 457 and 401 Participants - Schedule Selection



Employer Plan Number

Full Name of Participant

 Last First M.I.

Social Security Number

 - -

4

New Payment Schedule

Note: Payment requests must result in payments of \$100 or more. All payments will be made directly to you.

Tear Here

Please establish my payment schedule as follows [Check one of choices 1, 2, 3, 4 or 5]:

☐ 1. Scheduled installment payments [Complete A, B, & C]

A. Check one: ☐ Monthly Effective Date: _____
☐ Quarterly, starting in the month of _____
☐ Semi-annually (6-month intervals), starting in the month of _____
☐ Annually, starting in the month of _____
☐ No change necessary, please leave my payment frequency as is

B. Check one: ☐ Each payment in the amount of \$ _____
☐ Payment amount projected to last _____ years
☐ Fractional payments for a certain period of _____ years
☐ Start payments in the amount of \$ _____, with cost-of-living adjustments made in January of each year
☐ Minimum Required Distribution in Compliance with IRS rules (available to participants age 70 1/2 and older)

C. Check which payment schedule you prefer: ☐ 1st Cycle (Wednesday following first Tuesday of the month)
☐ 2nd Cycle (Wednesday following second Tuesday of the month)
☐ 3rd Cycle (Wednesday following third Tuesday of the month)
☐ 4th Cycle (Wednesday following fourth Tuesday of the month)

OR

☐ 2. Partial lump sum payment of \$ _____; leave remaining balance in account until further notice.

OR

☐ 3. Issue a one-time amount of \$ _____ but keep my current periodic payment stream intact.

OR

☐ 4. Lump sum payment – 100% of remaining account balance.

OR

☐ 5. Please postpone my payments until _____ / _____
Month Year

Payment Schedule Change Form For 457 and 401 Participants - Signature and Certification



Employer Plan Number	Full Name of Participant
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[]

M.I.

Social Security Number

$$[\begin{smallmatrix} & & & \\ & & & \\ & & & \\ & & & \end{smallmatrix}] - [\begin{smallmatrix} & & & \\ & & & \\ & & & \\ & & & \end{smallmatrix}] - [\begin{smallmatrix} & & & \\ & & & \\ & & & \\ & & & \end{smallmatrix}]$$

Signature and Certification

I understand that:

- I acknowledge that I have received and reviewed the *Special Tax Notice Regarding Plan Payments* included in this packet. I hereby waive the thirty-day "waiting period" required under IRS rules regarding payments from my retirement plan.
- As required by law and under penalty of perjury, I certify that the Social Security Number (Taxpayer Identification Number) I provided is correct.

Participant Signature

Date _____

Tear Here

Mail the completed *Payment Schedule Change Form* to:

**ICMA Retirement Corporation
Attn: Records Management Unit
P.O. Box 96220
Washington, DC 20090-6220**

or fax to:

1-202-962-4601

- Tear Here

Please attach a voided check or deposit slip here.

IMPORTANT-REMEMBER TO PRINT LEGIBLY IN BLACK OR BLUE INK

Direct Deposit Authorization Form

Instructions

Most of the information needed to complete the account information boxes can be found as follows:

- A. Be sure your current address is shown
- B. Financial institution's routing number for direct deposit. Please call your bank to verify this number is correct for direct deposit. **If the number is not correct, it will result in delays.**
- C. Your account number

JOHN AND JANE DOE
1234 Main Street
Anytown, WA 11111

345

12-345/678

Pay to the
order of

19

\$

Dollars

First National Bank
of Anytown, WA
Anytown, WA 11111

Memo

I:123456789 I: 123 456 7" 345

B

C

A

DEPOSIT TICKET	JOHN AND JANE DOE 1234 Main Street Anytown, WA 11111	<i>Account Deposit</i>		12-345/678																										
	Date _____ 19 ____	<table border="1"><thead><tr><th>Cash</th><th>Dollars</th><th>Cents</th></tr></thead><tbody><tr><td>List Checks Singly</td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td>Total From Other Side</td><td></td><td></td></tr><tr><td>Total</td><td></td><td></td></tr><tr><td>Less Cash Received</td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></tbody></table>	Cash		Dollars	Cents	List Checks Singly												Total From Other Side			Total			Less Cash Received					
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First National Bank of Anytown, WA Anytown, WA 11111																														
I:123456789 I: 123 456 7" 345																														

B

C

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0415

2001

Purpose. This form is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities, including commercial annuities, and certain other deferred compensation. Use this form to tell payers the correct amount of Federal income tax to withhold from your payment(s). You also may use this form to choose **(a)** not to have any income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or **(b)** to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution as explained on

page 3. **Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2001.**

What do I need to do? Complete lines A through G of the **Personal Allowances Worksheet**. Use the additional worksheets on page 2 to adjust your withholding allowances for itemized deductions, adjustments to income, or multiple pensions/more-than-one-income situations. If you do not want any income tax withheld, you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

Personal Allowances Worksheet (Keep for your records.)

- A** Enter "1" for **yourself** if no one else can claim you as a dependent **A** _____
- B** Enter "1" if:
{

 - You are single and have only one pension; or
 - You are married, have only one pension, and your spouse has no income subject to withholding; or
 - Your income from a second pension or a job, or your spouse's pension or wages (or the total of all) is \$1,000 or less.
. **B** _____
- C** Enter "1" for your **spouse**. But, you may choose to enter -0- if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (This may help you avoid having too little tax withheld.) **C** _____
- D** Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return **D** _____
- E** Enter "1" if you will file as **head of household** on your tax return. **E** _____
- F** **Child Tax Credit** (including additional child tax credit):
 - If your total income will be between \$18,000 and \$50,000 (\$23,000 and \$63,000 if married), enter "1" for each eligible child.
 - If your total income will be between \$50,000 and \$80,000 (\$63,000 and \$115,000 if married), enter "1" if you have two eligible children, enter "2" if you have three or four eligible children, or enter "3" if you have five or more eligible children **F** _____
- G** Add lines A through F and enter total here. **Note:** *This may be different from the number of exemptions you claim on your tax return.* **G** _____
- For accuracy, complete all worksheets that apply. {

 - If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
 - If you have more than one source of income subject to withholding or a spouse with income subject to withholding **and** your combined income from all sources exceeds \$35,000 (\$60,000 if married filing jointly), see the **Multiple Pensions/More-Than-One-Income Worksheet** on page 2 to avoid having too little tax withheld.
 - If **neither** of the above situations applies, **stop here** and enter the number from line G on line 2 of Form W-4P below.

----- Cut here and give the certificate to the payer of your pension or annuity. Keep the top part for your records. -----

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0415

2001

► For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Type or print your full name	Your social security number
Home address (number and street or rural route)	Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code	

Complete the following applicable lines:

- 1 Check here if you **do not want any** Federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ► ☐
- 2 Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on line 3.) ► _____
 Marital status: ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate (Enter number of allowances.)
- 3 Additional amount, if any, you want withheld from each pension or annuity payment. **Note:** *For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2* ► \$ _____

Your signature ► _____

Date ► _____

Deductions and Adjustments Worksheet

Note: Use this worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2001 tax return.

- 1 Enter an estimate of your 2001 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2001, you may have to reduce your itemized deductions if your income is over \$132,950 (\$66,475 if married filing separately). Get Pub. 919 for details.) **1** \$ _____
- 2 Enter: $\left\{ \begin{array}{l} \$7,600 \text{ if married filing jointly or qualifying widow(er)} \\ \$6,650 \text{ if head of household} \\ \$4,550 \text{ if single} \\ \$3,800 \text{ if married filing separately} \end{array} \right\}$ **2** \$ _____
- 3 **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter -0- **3** \$ _____
- 4 Enter an estimate of your 2001 adjustments to income, including alimony, deductible IRA contributions, and student loan interest **4** \$ _____
- 5 **Add** lines 3 and 4 and enter the total **5** \$ _____
- 6 Enter an estimate of your 2001 income not subject to withholding (such as dividends or interest) **6** \$ _____
- 7 **Subtract** line 6 from line 5. Enter the result, but not less than zero. **7** \$ _____
- 8 **Divide** the amount on line 7 by \$3,000 and enter the result here. Drop any fraction **8** _____
- 9 Enter the number from the **Personal Allowances Worksheet**, line G, page 1 **9** _____
- 10 **Add** lines 8 and 9 and enter the total here. If you use the **Multiple Pensions/More-Than-One-Income Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4P, line 2, page 1 **10** _____

Multiple Pensions/More-Than-One-Income Worksheet

Note: Complete only if the instructions under line G, page 1 direct you here. This applies if you (and your spouse if married filing a joint return) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

- 1 Enter the number from line G, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) **1** _____
 - 2 Find the number in **Table 1** below that applies to the **lowest** paying pension or job and enter it here **2** _____
 - 3 If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4P, line 2, page 1. **Do not** use the rest of this worksheet **3** _____
- Note:** If line 1 is **less than** line 2, enter -0- on Form W-4P, line 2, page 1. Complete lines 4-9 below to calculate the additional withholding amount necessary to avoid a year end tax bill.
- 4 Enter the number from line 2 of this worksheet **4** _____
 - 5 Enter the number from line 1 of this worksheet **5** _____
 - 6 **Subtract** line 5 from line 4 **6** _____
 - 7 Find the amount in **Table 2** below that applies to the **highest** paying pension or job and enter it here **7** \$ _____
 - 8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed. **8** \$ _____
 - 9 **Divide** line 8 by the number of pay periods remaining in 2001. For example, divide by 12 if you are paid every month and you complete this form in December 2000. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment **9** \$ _____

Table 1: Multiple Pensions/More-Than-One-Income Worksheet

Married Filing Jointly				All Others	
If amount from LOWEST paying pension or job is—	Enter on line 2 above	If amount from LOWEST paying pension or job is—	Enter on line 2 above	If amount from LOWEST paying pension or job is—	Enter on line 2 above
\$0 - \$4,000	0	47,001 - 55,000	9	\$0 - \$6,000	0
4,001 - 8,000	1	55,001 - 65,000	10	6,001 - 12,000	1
8,001 - 14,000	2	65,001 - 70,000	11	12,001 - 17,000	2
14,001 - 19,000	3	70,001 - 90,000	12	17,001 - 22,000	3
19,001 - 25,000	4	90,001 - 105,000	13	22,001 - 28,000	4
25,001 - 32,000	5	105,001 - 115,000	14	28,001 - 40,000	5
32,001 - 38,000	6	115,001 and over	15	40,001 - 50,000	6
38,001 - 42,000	7			50,001 - 65,000	7
42,001 - 47,000	8			65,001 - 80,000	8
				80,001 - 105,000	9
				105,001 - and over	10

Table 2: Multiple Pensions/More-Than-One-Income Worksheet

Married Filing Jointly		All Others	
If amount from HIGHEST paying pension or job is—	Enter on line 7 above	If amount from HIGHEST paying pension or job is—	Enter on line 7 above
\$0 - \$50,000	\$440	\$0 - \$30,000	\$440
50,001 - 100,000	800	30,001 - 60,000	800
100,001 - 130,000	900	60,001 - 120,000	900
130,001 - 250,000	1,000	120,001 - 270,000	1,000
250,001 and over	1,100	270,001 and over	1,100

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

This notice explains how you can continue to defer federal income tax on your retirement savings in your employer's 457 deferred compensation plan or 401 qualified retirement plan (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by the ICMA Retirement Corporation ("ICMA-RC" or your "Plan Administrator") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to a Traditional IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an Education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts from your 401 qualified retirement plan. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a Traditional IRA or split your rollover amount between the employer plan in which you will participate and a Traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact ICMA-RC Investor Services at 1-800-669-7400.

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SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- (1) Certain payments can be made directly to a Traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
- (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your Traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not Traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the Traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- *You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.*
- *The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, payments from a 401qualified retirement plan may be eligible for special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59-1/2, you may have to pay an additional 10% tax.*
- *You can roll over all or part of the payment by paying it to your Traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the Traditional IRA or the eligible employer plan.*
- *If you want to roll over 100% of the payment to a Traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.*

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan Administrator.

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be “eligible rollover distributions.” This means that they can be rolled over to a Traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan Administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

After-tax Contributions in a 401 Qualified Retirement Plan

If you made after-tax contributions to your 401 qualified retirement Plan, these contributions may be rolled into either a Traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

- a) Rollover into a Traditional IRA. You can roll over your after-tax contributions to a Traditional IRA either directly or indirectly. Your Plan Administrator should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion.

If you roll over after-tax contributions from your 401 qualified retirement plan to a Traditional IRA, it is your responsibility to keep track of, and report to the Internal Revenue Service (“Service”) on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the Traditional IRA to be determined.

Once you roll over your after-tax contributions to a Traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

- b) Rollover into an Employer Plan. You can roll over after-tax contributions from your 401 qualified retirement Plan to another 401 qualified retirement plan or a section 403(a) annuity plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. *You CANNOT roll over after-tax contributions from your 401 qualified retirement plan to a governmental 457 plan.* If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a Traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 70-1/2 or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you.

401 Plan Hardship Distributions or 457 Unforeseeable Emergency Distributions. A distribution on account of hardship or unforeseeable emergency cannot be rolled over.

Distributions of Excess Contributions. A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions. The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the Plan Administrator of this Plan if distribution of your loan qualifies for rollover treatment.

The Plan Administrator of this Plan should be able to tell you if your payment includes amounts which cannot be rolled over.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a Traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the Traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER.

DIRECT ROLLOVER to a Traditional IRA. You can open a Traditional IRA, such as a Vantagepoint Traditional IRA, to receive the direct rollover. If you choose to have your payment made directly to a Traditional IRA, contact an IRA sponsor (usually a financial institution such as ICMA-RC) to find out how to have your payment made in a direct rollover to a Traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a Traditional IRA to receive the payment. However, in choosing a Traditional IRA, you may wish to make sure that the Traditional IRA you choose will allow you to move all or a part of your payment to another Traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on Traditional IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a Traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

DIRECT ROLLOVER of a Series of Payments. If you receive a payment that can be rolled over to a Traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or Traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you are a 401 qualified retirement plan participant and were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled

over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the section below entitled "Special Tax Treatment For 401 Qualified Plan Participants Born Before January 1, 1936." All participants (457 and 401) should see the section below entitled "Additional 10% Tax if You Are under Age 59-1/2".

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a Traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may use IRS Form W-4P to direct the Plan Administrator how much to withhold or elect not to have withholding apply to that portion. If you do nothing, the Plan Administrator must withhold as if you claimed married status with three exemptions out of this portion of your payment for federal income tax withholding. If your payment is a hardship or unforeseeable emergency distribution, and you do not elect out of withholding, 10% will be taken out of your payment as federal income tax withholding. You may direct the Plan Administrator to take more than 10%. To elect out of withholding or to specify your withholding election, ask the Plan Administrator for Form W-4P and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a Traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to a Traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the Traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the Traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

EXAMPLE: The taxable portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a

Traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the Traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

IF, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000).

Additional 10% Tax If You Are under Age 59-1/2

If you receive a payment from your 401 qualified retirement plan before you reach age 59-1/2 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that 457 plan (adjusted for investment returns) from another type of eligible employer plan or IRA.

In addition, any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a Traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59-1/2, unless one of the exceptions applies.

Special Tax Treatment For 401 Qualified Retirement Plan Participants Born Before January 1, 1936

If you receive a payment from a plan qualified under section 401(a) that can be rolled over under Part I and you do not roll it over to a Traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59-1/2 or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59-1/2 or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

Ten-Year Averaging. If you receive a lump sum distribution from your 401 qualified retirement Plan and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

Capital Gain Treatment. If you receive a lump sum distribution from your 401 qualified retirement Plan and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre- 1974 participation in the Plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this 401 qualified retirement Plan from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a Traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a Traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

Repayment of Plan Loans

If your employment ends and you have an outstanding loan from your Plan, your employer may reduce (or “offset”) your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a Traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the Plan, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are “alternate payees.” You are an alternate payee if your interest in the Plan results from a “qualified domestic relations order,” which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a Traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a Traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59-1/2.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions, as described in Part III above for 401 qualified retirement plan payments. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

V. HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORMS.



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